

The Knowledge Factor



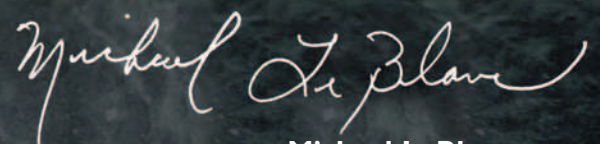
Reflecting on a career devoted to learning, Kenneth Clark, the distinguished British historian and creator of the television series and subsequent book *Civilisation*, stated that over the years he had become more uncertain about his opinions and his understanding of the workings of societies save one thing: that the pursuit of knowledge is the highest endeavor of civilization.

The role of knowledge in public and private decisionmaking is often subtle and difficult to discern. Yet, knowledge and understanding must provide the context for efficient and equitable policy. This is where the Economic Research Service (ERS) comes in, contributing to public and private decisionmaking by providing objective analysis of economic and policy issues related to agriculture, food, natural resources, and rural development.

To complement its knowledge base, ERS frequently partners with university researchers through contracts, cooperative agreements, and grants. These joint efforts explore topics from technology adoption, water quality, and rural development to world trade, retail market power, and diet and health. And while budget concerns often limit the reach of our program, ERS's relationships with university researchers will continue to be an important component in our strategy to insert economic knowledge into the policy process.

A recent cooperative research effort highlights the role of knowledge in private decisionmaking. ERS and university researchers examined how information may affect consumers' purchases of biotech foods. Biotech food labeling is a contentious issue both in the United States and among U.S. trading partners. Proponents of mandatory labeling argue that consumers have a right to know whether their food has been produced using biotechnology. Opponents argue that such labeling will confuse, and, in many cases, unnecessarily alarm consumers.

In the study, an experimental auction was conducted to elicit consumers' willingness to pay for food items with and without biotech labels. Prior to bidding, each participant received one of six information packets containing statements about biotechnology gathered from a variety of sources. What did the study find? Scientific, verifiable information had a larger moderating effect on consumers' reaction to anti-biotech statements than pro-biotech statements from biotech companies. That is, knowledge has a powerful influence on behavior.



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